

TESTIMONY OF
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DEPARTMENT OF STATE
BEFORE
UNITED STATES HOUSE OF REPRESENTATIVES
FOREIGN AFFAIRS COMMITTEE
SUBCOMMITTEE ON THE WESTERN HEMISPHERE
ON
“GUNS, DRUGS AND VIOLENCE: THE MERIDA INITIATIVE
AND THE CHALLENGE IN MEXICO”
March 18, 2009

Mr. Chairman, Ranking Member Mack, and Members of the Committee:

Thank you for the opportunity to discuss the Mérida Initiative, which is a security cooperation partnership to combat transnational narcotics trafficking and organized crime in Mexico, Central America, and Caribbean.

Roughly 90 percent of all the cocaine consumed in the United States transits Mexico. The country is also the largest foreign supplier of marijuana and much of our domestic consumption of methamphetamine still originates in or transits through Mexico to the United States. Central American officials have identified gangs, drug trafficking, and trafficking of arms as the most pressing security concerns in that region. Transnational crime and narcotics trafficking affect us all, and I would like to share with the Committee what we – at the Department of State, Department of Homeland Security (DHS), Justice, and across agencies – are doing to address it.

Our partners in Mexico, Central America, Haiti and the Dominican Republic have already made considerable progress in their own efforts to confront these problems, and they appreciate our help, which will enable them to greatly expand on this progress. Likewise, the U.S. has committed tremendous resources domestically to reduce drug demand and to secure our borders so that dangerous people and drugs do not come in and guns and drug proceeds do not go out. However, our domestic efforts must be complemented by regional cooperation to confront what is increasingly a transnational problem. Through bilateral and multilateral initiatives, and specifically the Mérida Initiative, the governments of Mexico, Central America, Haiti, and the Dominican Republic are demonstrating

unprecedented willingness to work with us and each other to address these issues. This is a compelling opportunity to advance our common national security interests.

The Challenge in Mexico

Since his inauguration in December 2006, President Calderon has taken decisive action against transnational criminal organizations by conducting counternarcotics operations throughout the country and initiating large scale police and rule of law reform. As the result of government pressure against the drug trafficking organizations and conflicts among these organizations over access to prime trafficking routes to the United States, drug-related assassinations and kidnappings have reached unprecedented levels. By some estimates, there were as many as 6,200 drug-related murders last year, including the deaths of 522 military and law enforcement officials, more than double the level in 2007.

Narcotics manufacturing in Mexico produced around 18 metric tons of heroin in 2007 and nearly 16,000 metric tons of marijuana. The National Drug Intelligence Center estimates that Mexican drug trafficking organizations operating in the United States generate between \$17.0 billion and \$38.3 billion in gross wholesale proceeds from U.S. sales of Colombian-produced cocaine that they distribute and Mexico-produced heroin, methamphetamine, and marijuana annually. Mexican efforts against the drug gangs coincide with a trend of dramatic reduction in the purity of cocaine and methamphetamines in the United States, as well as an increase in street prices.

In recent years, Mexico's drug trafficking organizations have acquired increasingly sophisticated and powerful weaponry – largely acquired in the United States. The massive drug profits flowing from the United States are used to finance operations and corrupt officials. Arms purchased here or otherwise acquired and smuggled into Mexico equip the cartels with anti-tank weapons, military hand grenades, and high powered sniper rifles. International smuggling also equips the cartels with high-tech equipment such as night-vision goggles, electronic intercept capabilities, encrypted communications and helicopters. In addition, some of the groups, such as the "Los Zetas" (former military who have become the enforcement arm of the Gulf Cartel), have received specialized training in weapons and tactics. Municipal and state police, and even the military, are ill equipped to confront such well armed and trained forces.

President Calderon's firm response has contributed to the destabilization of major trafficking organizations, which caused them to react violently. As challenging as this struggle has become, President Calderon recognizes that failure to act now could result in organized criminal elements digging even deeper into the fabric of Mexican society, thus making the cost of dealing with these problems later even more significant. Organized crime, however, should not simply be displaced further south to Central America or into the Caribbean, and therefore the Mérida Initiative includes assistance to Central America, Haiti and the Dominican Republic.

The Response: The Mérida Initiative

In July 2008, Congress appropriated \$465 million for the first phase of the Initiative -- \$400 million for Mexico and \$65 million for Central America and the Caribbean. The Department of State, and specifically my Bureau, has been charged with overseeing the largest portion of the Mérida Initiative funding. I want to stress, however, that the Mérida Initiative is a collaborative effort. We work closely with key agencies like USAID, and the Departments of Defense, Homeland Security, Justice, and Treasury both in Washington and at our Embassies in the region as well as with all our host nation partners. As we enter the phase of more concrete implementation, our collaboration will accelerate.

Interdiction and Border Security

Nearly half of our present programs focus on interdiction, including support for the Mexican counterparts of our federal law enforcement agencies. To further advance this cooperation, funding under the Mérida Initiative focuses support for the Department of Justice's (DOJ) Consolidated Crime Information System; purchasing special investigative equipment, vehicles and computers for the new Federal Police Corps; and assessing security and installing equipment at Mexico's largest seaports.

Ongoing programs focus on border security by providing inspection equipment and associated tactical training to support inspection capabilities of police, customs and immigration. Funding also supports equipment and specially trained canine teams that will pursue drugs, bulk cash, explosives and other contraband. We also facilitate the real-time interchange of information related to potential counterterrorism targets. We expect the Department of Homeland Security (Customs and Border Protection (CPB), Immigration and Customs Enforcement (ICE), and U.S. Coast Guard), the Department of the Treasury

(Internal Revenue Service-Criminal Investigations Division (IRS)), and the Department of Justice (Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), Drug Enforcement Administration (DEA), Federal Bureau of Investigation (FBI), Organized Crime Drug Enforcement Task Forces, United States Marshals Service, and the United States Attorneys) to play important roles in these areas.

Assistance provided under the Mérida Initiative and complementary domestic programs will increasingly seek to stem the flow of weapons across the border in order to counteract the impact of weapons smuggled from the U.S. For example, an expansion of eTrace, a weapons tracing program, will enable increased arms trafficking investigations and prosecutions. A Spanish language version of eTrace, intended to be ready by the end of the year, will be deployed throughout Latin America. In Mexico, eTrace will be operated exclusively in federal law enforcement facilities. In Central America, eTrace will be set up at each country's National Police Headquarters.

Several other programs that support interdiction and border security efforts include the following:

- Information technology support will assist Mexico's federal migration authorities in improving their database and document verification capabilities;
- Additional communications equipment will improve their ability to conduct rescue and patrol operations along Mexico's southern border;
- Equipment for a secure communications network, data management, and forensic analysis will strengthen coordination among Mexican law enforcement agencies and greatly enhance Mexico's ability to prosecute narcotrafficking and other transborder crimes;
- Technologies such as gamma-ray scanners, density measurement devices, and commodity testing kits will help prevent the cross-border movement of illicit drugs, firearms, financial assets, and trafficked persons;
- Expansion of weapons tracing programs will enable increased joint and individual country investigations and prosecutions of illegal arms trafficking;

- Enhanced information systems in Mexico will strengthen analytical capabilities and interconnectivity across law enforcement agencies and improve information sharing with U.S. counterparts; and
- Additional transport and light aircraft in Mexico will improve interoperability and give security agencies the capability to rapidly reinforce law enforcement operations nationwide.

Corruption

President Calderon has made fighting corruption a centerpiece of his efforts to rebuild public trust in Mexican institutions. Last year, his government launched a comprehensive anti-corruption investigation dubbed “Operation Clean House” that immediately resulted in the detention of six high-ranking law enforcement officials, including members of the Attorney General’s Office (PGR), federal police and Mexican representatives to Interpol. Dozens more junior federal security officials have also been suspended or fired over corruption charges. Four high-ranking officials were allegedly receiving up to \$450,000 per month in bribes, according to the “Clean House” investigation.

Moreover, the Secretariat of Public Security (SSP) is leading efforts to restructure and improve the capacity of the federal police. For example, the SSP plans to develop the means to vet the entire federal police force -- and eventually all state and municipal police -- to stem corruption.

For Mexico, the Mérida Initiative contains resources to enhance polygraph programs, provide training for new police officers, and a very aggressive pre-employment screening process, in which we expect the Departments of Homeland Security (DHS) and Justice (DOJ) to be important implementation partners. Other Mérida Initiative programs for both Mexico and Central America include:

- Expanding existing “Culture of Lawfulness” projects that will reach across governmental institutions in order to promote respect for the rule of law among a variety of societal actors, including public school students and recruits at police academies;
- Training for ethics and anti-corruption under an existing police professionalization program (8,112 were trained last year) and citizen complaint offices so that the public can report alleged instances of corruption;

- Working with Mexican law enforcement agencies to encourage greater transparency and accountability, such as helping train and equip inspector general offices, which will confront corruption throughout the federal bureaucracy.

Judicial reform

The Mérida Initiative includes various efforts to improve crime prevention, modernize Mexican police forces, and strengthen institution building and rule of law, for which USAID, DHS and DOJ have special expertise to contribute. Case management software, technical assistance programs and equipment will support Mexico's judicial and police reforms by enhancing their ability to investigate, convict, sentence, and securely detain those who commit crimes. Training programs will support Mexico's development of offices of professional responsibility and new institutions designed to receive and act on citizen complaints. Increased training for prosecutors, defenders, and court managers in Central America will also assist with judicial reform.

Prisons

The Initiative will expand assistance on prison management and will aid in severing the connection between incarcerated criminals and their criminal organizations. This program will assist Mexico's efforts to improve the effectiveness of its prison system to better manage violent offenders and members of criminal networks. More than 220,000 prisoners crowd 438 state/municipal and six federal penal facilities. Of the 50,000 in federal facilities, some 19,000 are incarcerated awaiting sentencing. The Mexican Government is particularly interested in this program to develop a new maximum security prison by reviewing other federal prisons holding the most violent criminals, establishing related administrative regulations for their most effective management, and developing a curriculum for a dedicated corrections training academy. The training academy will be located in Xalapa, Veracruz, and plans to graduate as many as 4,000 new corrections officers by the end of the year.

Anti-money laundering

One of our existing programs supports anti-money laundering efforts by the Government of Mexico by assisting the Government's Financial Intelligence Unit (FIU) and supporting police and prosecutors who investigate money laundering-

related crimes. DOJ, DHS and Treasury can make contributions in this area. As part of the Mérida Initiative, the U.S. will support the FIU through the expansion of software for data management and data analysis associated with financial intelligence functions and law enforcement.

Demand Reduction

In addition to rising levels of drug-related violence, chronic drug consumption has doubled since 2002 in Mexico to as many as 600,000 addicts, possibly 5 percent or 3.5 million people consume illegal drugs. The fastest growing addiction rates are among the 12 to 17 year old population, and consumption rates among women have doubled. The Mérida Initiative is building significantly on existing demand reduction programs by:

- supporting the National Council against Addictions' efforts to provide computer hardware for a distance learning platform for the entire country to facilitate training and technical assistance on drug prevention and treatment;
- establishing a national-level counselor certification system in order to improve the delivery of drug treatment services;
- creating Drug Free Community Coalitions to increase citizen participation in reducing drug use among youth; and
- providing an independent evaluation of the drug treatment/certification projects in order to assess training effects and long-range outcomes such as decreased drug use and reductions in criminal activity.

Mérida Initiative Implementation

All of the programs and projects funded through the International Narcotics Control and Law Enforcement (INCLE) account are moving forward through Letters of Agreement (LOAs) with the host nations in the region. On December 3, 2008, an LOA was signed with the Government of Mexico obligating \$197 million of the funding for counternarcotics programs. LOAs were also signed with Honduras on January 9, El Salvador on January 12, Guatemala on February 5, Belize on February 9, and Panama on March 13. Other programs funded through other accounts (Foreign Military Finance and Economic Support Funds) are also moving forward in Mexico and Central America.

On December 19, 2008, the Governments of the United States and Mexico met to coordinate the implementation of the Mérida Initiative through a cabinet-level High Level Group, which underscored the urgency and importance of the Initiative on both sides of the border. A working level inter-agency implementation meeting was held February 3, 2009, in Mexico City with the aim of accelerating the implementation of the 48 projects through nine working groups for Mexico under the Initiative. A follow on meeting was held March 2.

Of course, the urgency of this effort dictates that we not wait for the infrastructure to be in place before delivering assistance. Initial projects under the Initiative have begun to roll out, including a bilateral workshop on strategies on prevention and prosecution of arms trafficking to be held in April 2009, the implementation of an anti-trafficking-in-persons system for the Attorney General's Office this month, the opening of three immigration control sites along the Mexico-Guatemala border that will issue biometric credentials to frequent Guatemalan border crossers in May 2009, and a train-the-trainer program for SSP Corrections officers, which will graduate 200 officers in June 2009.

The programs are being coordinated in close consultation with the Government of Mexico and our U.S. inter-agency partners, a complicated process given the number of agencies involved and the fact that we are establishing new relationships. We have created a process to ensure implementation of these important programs moves as quickly as possible, while ensuring the money is spent wisely.

We do not believe that these delays have impacted negatively on Mexico's counternarcotics efforts. In fact, the structure of the Mérida Initiative implementation teams is encouraging links between U.S. and Mexican agencies as well as closer working relations among agencies within each government. As Mérida Initiative planning and implementation progresses, we will see day-to-day working relationships that did not exist in the past, and therefore more effective law enforcement operations.

The leaders of Mexico and Central America agree that transnational crime is a regional problem which will require regional solutions. To that end, the Mérida Initiative will combine each nation's domestic efforts with broader regional cooperation to multiply the effects of our actions. Mérida programs were designed with the belief that strengthening institutions and capacity in partner countries will enable us to act jointly, responding with greater agility, confidence and speed to the changing tactics of organized crime.

Arms and Cash Trafficking

One area where cooperation could be enhanced is in seeking ways to interdict the flow of arms and cash south into Mexico. Illegal drug proceeds are used to purchase weapons that drug trafficking organizations and associated armed groups use to battle each other as well as the institutions of the Mexican government. As a result, violence in Mexican border cities has intensified to truly alarming levels and threatens to spillover into U.S. communities.

These weapons are primarily smuggled overland into Mexico using the same routes and methods employed when smuggling drugs north. Drug trafficking organizations typically rely on straw purchasers to acquire arms at gun shows and pawn shops. These organizations also use associations with U.S.-based prison and street gangs to facilitate the smuggling of arms across the border.

As the United States continues its partnership with Mexico under the Mérida Initiative, U.S. law enforcement agencies must work to marshal resources at all levels to develop an effective, coordinated, comprehensive response to the threat of illegal weapons smuggling from the United States into Mexico. U.S. law enforcement, through the Departments of Justice and Homeland Security, are working together to address transnational arms smuggling impacting Mexico and the United States. These efforts include, among many others, the ATF's Project Gunrunner and (ICE) Operation *Armas Cruzadas*, and the expanding use of ATF's eTrace.

In June 2008, ICE formally launched Operation *Armas Cruzadas* to combat transnational criminal networks smuggling weapons into Mexico from the United States. As part of this initiative, the United States and the Government of Mexico agreed to bilateral interdiction, investigation and intelligence-sharing activities to identify, disrupt, and dismantle networks engaged in weapons smuggling. ICE has provided training in appropriate weapons laws and methods used to combat transnational smuggling; used its Project Shield America outreach program and made presentations to groups involved in the manufacture, sale, or shipment of firearms and ammunition along the southwest border; initiated a Weapons Virtual Task Force to create virtual communities where law enforcement can rapidly share intelligence and communicate in a secure environment.

In September 2008, CBP partnered with ATF in a Memorandum of Understanding (MOU) regarding ATF's eTrace internet-based paperless firearm trace submission system and trace analysis module. This application provides the

necessary utilities for submitting, retrieving, storing, and querying firearms trace-related information relative to CBP's mission to secure the border between the ports of entry. Information acquired through the firearm tracing process can be utilized to solve individual cases, to maximize the information available for use in identifying potential illegal firearms traffickers, and to supplement the analysis of criminal gun trends and trafficking patterns.

The 2009 Southwest Border Strategy being drafted by DOJ and DHS in coordination with ONDCP will have a new chapter specifically devoted to the issue of illegal arms trafficking. The Strategy is based on three pillars: analysis of firearms-related data, information sharing, and coordinated operations.

In addition, DHS/ICE, working in conjunction with DOJ and other USG partners, has a number of programs to address bulk cash smuggling, such as "Operation Firewall" which addresses the threat of bulk cash smuggling via commercial and private passenger vehicles, commercial airline shipments, airline passengers, and pedestrians transiting to Mexico along the southern border. ICE and CBP have conducted various Operation Firewall operations with Mexican counterparts. ICE also works with other law enforcement agencies in identifying trade-based money laundering.

Under the Mérida Initiative, we will be providing non-intrusive inspection equipment that can help Mexican officials prevent arms and cash smuggling at the border. A package of non-intrusive inspection equipment is ready pending final agreement from the Mexican government, and will aid the work of the Mexican military, Secretariat of Public Security (SSP) and Customs service. At \$72 million, they represent nearly 40 percent of the funds available under the LOA.

Conclusion

Success in Mexico requires the commitment and resolve of the Mexican government and the buy-in of the Mexican people, which is present in the Calderon administration and a population increasingly concerned about the human toll of transnational crime and illicit drug trafficking. Likewise, U.S. law enforcement agencies will increase their efforts to work in partnership with their Mexican counterparts to combat the scourge of organized crime and drug trafficking that plagues communities on both sides of the border.

The progressive increase in the depth and breadth of joint operations between our governments was always an underlying assumption of the Mérida

Initiative, and having only entered the initial phases of implementation we already have an opportunity to expand our collaboration. The current violence along our southwest border presents an opportunity to work in conjunction with our Mexican counterparts to provide better security for residents on either side of the border. Planning for such expanded law enforcement operational cooperation is only just beginning and must include a multitude of agencies on either side of the border. We will work together to ensure the capabilities between Mexican agencies and their U.S. counterparts are well coordinated and the response is timely, with visibility from all agencies, both U.S. and Mexican, along the border. Thank you for your time and I will be happy to answer any questions you may have.